

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X

FAIR HOUSING JUSTICE CENTER, INC.;
JOHN-MARTIN GREEN; JUSTIN CARTER;
JEANINE T. ABRAHAM; and
MICHAEL LEONARD JAMES,

19 Civ. 6552

Plaintiffs,

**COMPLAINT AND
JURY DEMAND**

v.

1125 63RD STREET, LLC; 1137 63RD STREET,
LLC; KOSTAS PAXIS; MARY PAXIS; and
PAUL PAXIS,

Defendants.

-----X

Plaintiffs Fair Housing Justice Center, Inc., John-Martin Green, Justin Carter, Jeanine T. Abraham, and Michael Leonard James, by and through their attorneys, Cuti Hecker Wang LLP, for their Complaint allege as follows:

INTRODUCTION

1. This action seeks to remedy the blatant race discrimination in the way that apartments are offered for rent at two adjacent buildings in Borough Park, Brooklyn – 1125 and 1137 63rd Street (the “Buildings”). The family running both buildings consistently quoted higher rental prices to African Americans, while quoting lower rents for white people.

2. Beginning in 2013 and continuing until May 2019, the Fair Housing Justice Center (“FHJC”), a non-profit organization dedicated to ensuring that all people have equal access to housing opportunities in the New York City region, sent African Americans and white testers to the Buildings posing as prospective tenants. The results of these tests demonstrate starkly that the Buildings’ owners, employees, and agents treat prospective tenants very

differently depending on the color of their skin, deliberately imposing more burdens on African Americans.

3. During recorded conversations, Defendants repeatedly informed white testers of one price for an available apartment, and within hours informed African Americans of a different, higher, price for that very same apartment.

4. The higher rent quoted to African Americans was not an accident. Defendants routinely asked prospective tenants – often before agreeing to show them an available apartment – what country that person came from and/or what neighborhood the person currently lived in. In the words of one defendant (a parent in the family that owns and runs the Buildings), Defendants “like to have other people from a nice place,” and specifically people “from Europe,” as tenants. Another defendant (the son of that same family) asked two African Americans invasive questions that he did not ask the white applicants.

5. Despite the diversity of New York City, neighborhoods remain racially segregated, and Brooklyn’s Borough Park is no different, with a far higher percentage of whites living there than city-wide.

6. Such residential racial segregation will only continue and become further entrenched if Defendants’ acts of quoting higher rents and imposing other differential burdens to African Americans are not addressed.

JURISDICTION AND VENUE

7. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1343, and 1367 and pursuant to 42 U.S.C. § 3613.

8. Venue is properly lodged in this District pursuant to 28 U.S.C. § 1391(b)(2).

JURY DEMAND

9. Plaintiffs hereby demand a trial by jury.

PARTIES

10. Plaintiff FHJC is a non-profit organization incorporated in the State of New York and based in New York City. FHJC is dedicated to ensuring that all people have equal access to housing opportunities in the New York City region by eliminating housing discrimination and creating open and inclusive communities. FHJC expended staff time and other resources to investigate and respond to Defendants' discriminatory housing policies and practices, which diverted resources away from other FHJC activities. Defendants' discriminatory housing policies and practices also frustrated FHJC's mission to ensure that all people have equal access to housing opportunities in the New York City region.

11. Plaintiff John-Martin Green is an African American man who is a citizen of the United States and a resident of New York County. At all relevant times, Plaintiff Green worked for FHJC as a tester.

12. Plaintiff Justin Carter is an African American man who is a citizen of the United States and a resident of New York County. At all relevant times, Plaintiff Carter worked for FHJC as a tester.

13. Plaintiff Jeanine T. Abraham is an African American woman who is a citizen of the United States and a resident of Kings County. At all relevant times, Plaintiff Abraham worked for FHJC as a tester.

14. Plaintiff Michael Leonard James is an African American man who is a citizen of the United States and a resident of Bronx County. At all relevant times, Plaintiff James worked for FHJC as a tester.

15. Defendant 1125 63rd Street, LLC is a New York limited liability corporation that owns the building located at 1125 63rd Street in Brooklyn. Upon information and belief, Defendant 1125 63rd Street, LLC and its principals are responsible for establishing, supervising, and enforcing the policies and practices through which apartments at the Buildings are rented and through which tenants are selected.

16. Defendant 1137 63rd Street, LLC is a New York limited liability corporation that owns the building located at 1137 63rd Street in Brooklyn. Upon information and belief, Defendant 1137 63rd Street, LLC and its principals are responsible for establishing, supervising, and enforcing the policies and practices through which apartments at the Buildings are rented and through which tenants are selected.

17. Although the buildings at 1125 63rd Street and 1137 63rd Street are technically owned by separate LLCs, they are ultimately owned and run jointly by members of the same family. As a practical matter, the two buildings appear to be, and on information and belief are, operated jointly, including with respect to how and when available apartments are shown to prospective tenants, what prospective tenants are told about the rent, and how and what is asked of prospective tenants. Potential tenants are provided information about vacancies in both buildings in a joint manner, and are steered to vacancies in both buildings in a joint manner. Potential tenants are routinely asked where they are from and/or what neighborhood they currently live in. At all relevant times, the owners, employees, and agents of each of the two buildings made representations to potential tenants about the availability of apartments in both buildings. Upon information and belief, the policies and procedures in place at both buildings are identical or virtually identical, including with respect to rental of apartments, fair housing, and discrimination.

18. All Defendants acted jointly on behalf of and for the enterprise of both Buildings with respect to fielding inquiries for vacancies and applying discriminatory barriers and questions, including without limitation quoting higher rents to African Americans, asking more invasive questions, and/or asking all applicants where they were from or what neighborhood they currently live in.

19. All Defendants acted in concert and aided and abetted each other in effectuating their discriminatory intent and/or actions.

20. Defendant Kostas Paxis is a natural person who resides in Richmond County. Upon information and belief, at all relevant times, Kostas Paxis had actual and/or apparent authority to determine the rental rates for available apartments at the Buildings, to inform prospective tenants about available apartments (including about the monthly rent of those apartments), to show prospective tenants apartments, to screen applicants for suitability, and to provide prospective tenants with applications for apartments. Upon information and belief, at all relevant times, Kostas Paxis had a full or partial ownership interest in one or both of the Buildings. At all relevant times, Kostas Paxis acted as an agent of 1125 63rd Street, LLC and/or 1137 63rd Street, LLC. Upon information and belief, at all relevant times, Kostas Paxis's phone number was posted in the lobby of one or both of the Buildings in a manner that encouraged potential tenants to call him to inquire about available apartments.

21. Defendant Mary Paxis is a natural person who resides in Kings County. Mary Paxis is the mother of Kostas Paxis and the spouse of Paul Paxis. Upon information and belief, at all relevant times, Mary Paxis had actual and/or apparent authority to determine the rental rates for available apartments at the Buildings, to inform prospective tenants about available apartments (including about the monthly rent of those apartments), to show prospective tenants

apartments, to screen applicants for suitability, and to provide prospective tenants with applications for apartments. Upon information and belief, at all relevant times, Mary Paxis had a full or partial ownership interest in one or both of the Buildings. Upon information and belief, at all relevant times, Mary Paxis acted as an agent of 1125 63rd Street, LLC and/or 1137 63rd Street, LLC.

22. Defendant Paul Paxis is a natural person who resides in Kings County. Paul Paxis is the father of Kostas Paxis and the spouse of Mary Paxis. Upon information and belief, at all relevant times, Paul Paxis had actual and/or apparent authority to determine the rental rates for available apartments at the Buildings, to inform prospective tenants about available apartments (including about the monthly rent of those apartments), to show prospective tenants apartments, to screen applicants for suitability, and to provide prospective tenants with applications for apartments. Upon information and belief, at all relevant times, Paul Paxis had a full or partial ownership interest in one or both of the Buildings. Upon information and belief, at all relevant times, Paul Paxis acted as an agent of 1125 63rd Street, LLC and/or 1137 63rd Street, LLC.

FACTUAL ALLEGATIONS

Fair Housing Justice Center

23. Founded in 2005, the mission of the Fair Housing Justice Center is to eliminate housing discrimination, promote open, accessible, and inclusive communities, and strengthen enforcement of the fair housing laws.

24. FHJC dispatches individuals as “testers” – persons who pose as prospective renters or homebuyers for the purpose of obtaining information about the conduct of landlords,

superintendents, real estate brokers, cooperative and condominium boards, lenders, sellers, and others to determine whether illegal housing discrimination is taking place.

25. At all relevant times, Plaintiffs Green, Carter, Abraham, and James, as well as the white testers who inquired about apartments for rent at the Buildings, worked for FHJC as testers.

26. Prior to participating in the testing investigation of the Buildings, Plaintiffs Green, Carter, Abraham, and James, as well as the white testers, received training from FHJC, which included instructions on conducting a test, preparing tester report forms, and using concealed digital audio recorders during tests.

27. As detailed below, the testing that FHJC and its testers performed demonstrates that Defendants regularly discriminate against African Americans with respect to renting apartments at the Buildings in violation of federal, state, and local fair housing laws.

White Testers' Preliminary Visits to the Building

28. Beginning in 2013, white testers from FHJC began to visit the Buildings to inquire about available apartments. Even in those preliminary visits, when the testers were told that no apartments were available, Defendants and their agents made numerous statements espousing their bias towards white tenants, particularly from Europe, and against non-white tenants.

29. On November 26, 2013, a white female tester ("White Tester 1") posing as a prospective tenant went to 1125 63rd Street. She spoke to Defendant Mary Paxis and her husband, Paul Paxis. Paul Paxis told the tester that it would cost "around \$1,050" for a one-bedroom apartment, and that there were only four two-bedroom apartments – two in 1125 63rd

Street, and two in “the other building,” i.e. 1137 63rd Street, which he knew about “because I own the other building.” Later, he again clarified that he owned both 1125 and 1137 63d Street.

30. Mary Paxis then asked White Tester 1 if she was Russian. Paul Paxis asked the tester how long she had been in this country. The tester responded, “I was born here.” Paul Paxis responded, “You were born here, and you don’t own a house?” Later, Paul Paxis said he wished he did have an apartment for the white tester, because he thought she “looked” nice.

31. On May 23, 2017, a white female tester (“White Tester 2”) went to 1125 63rd Street and spoke to Mary Paxis. The tester said she was interested in renting an apartment, but Mary Paxis told her that an apartment had just been rented and that no other apartments were available. Mary Paxis went on to tell White Tester 2, “You look nice. Because always, believe me, when they come for rent, if I saw I don’t like, I don’t give the apartment. Because I want to be – I have good tenants.” Mary Paxis asked White Tester 2 to leave her phone number in case an apartment became available. Mary Paxis told the tester about a one-bedroom apartment in the building that might become available soon, and told her that the rent was \$1,030.

32. On October 12, 2017, a white male tester (“White Tester 3”) went to 1125 63rd Street and spoke to Mary Paxis. The tester inquired about available apartments, and Mary Paxis told him that none were available, and specifically that none were available in *either* building, at 1125 or 1137 63rd Street.

33. During that conversation, Mary Paxis told White Tester 3 that she is from Greece, and asked the tester where he was from. Mary Paxis told the tester, “I like to have other people from a nice place, you know, to come here. I have very good tenants. Very good tenants. By the look you’re from Europe to me. You look from Europe, not from America. You’re born here?”

34. On June 28, 2018, a white female tester (“White Tester 4”) went to 1125 63rd Street and spoke with Mary Paxis. The tester asked whether there were available apartments. Mary Paxis asked where the tester lived. Mary Paxis said that the tester should ask Mary’s daughter, Vicky, whether any apartments were available.

35. On July 2, 2018, White Tester 4 went to 1125 63rd Street and spoke to Vicky Paxis, who is the daughter of Mary Paxis and the sister of Kostas Paxis. The tester explained that Mary Paxis had told her to speak with Vicky Paxis, and asked if there were any available apartments. Vicky Paxis said that there were no available apartments.

36. The tester asked whether there were any vacancies in the building next door, i.e. 1137 63rd Street, and asked whether the buildings were connected. In response, Vicky Paxis said “they are connected” but that the other building did not have any vacancies either. Later in the conversation, Vicky Paxis asked the tester to leave her phone number, and said she would notify her about any vacancies in 1125 63rd Street or in the building next door, “because my brother has that building.”

37. White Tester 4 asked Vicky Paxis how much one-bedroom apartments rented for. Vicky Paxis responded, “Depends. I’d say about 1400, 1450.”

The January 2019 Tests

38. On January 28, 2019, a white male tester (“White Tester 5”) went to 1125 63rd Street and spoke to Mary Paxis. The tester asked Mary Paxis whether there were any available apartments. Mary Paxis told the tester that there was nothing available at 1125 63rd Street, but that there was an apartment available in the building next door, 1137 63rd Street. Mary Paxis said that the tester should speak to her son, Kostas, about that apartment.

39. A few minutes later, White Tester 5 called the number that he was given for Kostas Paxis. Vicky Paxis answered the phone and said she was Kostas's sister. Vicky Paxis said that Kostas Paxis might have something available, that Kostas had recently had two apartments that were fully renovated, but that she was not sure if they were still available or not. She then took the tester's number, indicating she would give it to Kostas, and also gave the tester Kostas Paxis's phone number and told the tester to say that Kostas's mother had given him the number.

40. A few minutes later, White Tester 5 called Kostas Paxis and left a voicemail inquiring about availability in either of the Buildings. Approximately one hour later, the tester spoke to Kostas Paxis by phone. Kostas Paxis told the tester that there was an available one-bedroom apartment on the fourth floor. They arranged for the tester to come see the apartment that afternoon.

41. A short time later, White Tester 5 went to 1137 63rd Street and met Kostas Paxis to view Apartment B17 in that building.

42. When the tester asked what the rent for that apartment was, Kostas Paxis told him, "I think I want 1450." The tester repeated, to confirm, "1450?" and Kostas Paxis responded, "Yeah."

43. During the visit, Kostas Paxis told White Tester 5 that a credit report would be done as part of the application. When the tester asked if there was a charge for the credit report, Kostas Paxis said, "I think it's 40 or 50 dollars."

44. As they exited, White Tester 5 asked, "So you have both buildings?" i.e. 1125 63rd Street and 1137 63rd Street. Kostas Paxis responded, "Yeah, my parents have that one, I own this one."

45. The next day, January 29, 2019, Plaintiff John-Martin Green, an African American, went to 1125 63rd Street and spoke with Mary Paxis.

46. Mr. Green asked Mary Paxis who he should speak to about a one-bedroom apartment. Mary quickly announced that no apartments were available, and that people were waiting for available apartments. She emphasized several times that no apartments were available.

47. Only after several minutes of conversation, and several inquiries from Mr. Green regarding when an apartment might become available, did Mary Paxis finally suggest to Mr. Green that “the first building” – i.e., 1137 63rd Street – might have a vacancy. But, unlike with White Tester 5, she did not suggest that Mr. Green speak to her son. Instead, she said that he would need to speak with her daughter (Vicky Paxis) to inquire about vacant apartments. When Mr. Green asked how he could speak with her daughter, Mary Paxis again put up barriers, responding that her daughter was “very busy” and that Mr. Green would not be able to speak with her anytime soon. She repeated several times that her daughter is “very busy” and said her daughter “does not want to talk to you”.

48. A short time later, Mr. Green called Kostas Paxis and they spoke on the phone. Mr. Green asked about available one-bedroom apartments at 1137 63rd Street. Kostas Paxis asked where Mr. Green lived and why he wanted to move. Kostas Paxis told Mr. Green that there was a one-bedroom apartment available on the fourth floor. Mr. Green said that he was looking for an apartment for his wife and him. They agreed to meet that afternoon so that Mr. Green could see the apartment.

49. Approximately one hour later, Mr. Green went to 1137 63rd Street and met Kostas Paxis. Kostas Paxis brought Mr. Green to the fourth floor and showed him Apartment

B17. Mr. Green asked “What is the price range?” of the apartment. Kostas Paxis replied, “This one is, uh, 1600.”

50. During the visit, Kostas Paxis asked Mr. Green whether he had any evictions in his past, despite not having asked White Tester 5 anything regarding evictions.

51. During the visit, Kostas Paxis said that a credit report would be required as part of the application, and said, “It’s \$50 for the credit check.”

The February 2019 Tests

52. On February 4, 2019, Plaintiff Justin Carter, an African American, went to 1125 63rd Street and spoke with Paul Paxis. Mr. Carter asked whether there were any available apartments, and Paul Paxis told him that there were “at least 6, 7 people waiting” for an available apartment. Mr. Carter asked if he knew of any other buildings in the area with available apartments. Paul Paxis responded that his son was in the building next door, i.e. 1137 63rd Street, but “as far as I know he doesn’t have” any available apartments either.

53. On February 6, 2019, a white male tester (“White Tester 6”) went to 1125 63rd Street and spoke with Mary Paxis. The tester asked about whether there were any available apartments, and Mary Paxis told him that there was a waiting list with “3 or 4 people” on it. A few minutes later, Mary Paxis suggested that the building next door, i.e. 1137 63rd Street, might have an apartment available.

54. A short while later, White Tester 6 called Kostas Paxis and left a voicemail inquiring about available one-bedroom apartments. The next day, White Tester 6 exchanged text messages with Kostas Paxis. The tester inquired whether there was an available apartment. Kostas Paxis said there was, and they arranged for the tester to come see the apartment on February 11.

55. On February 11, White Tester 6 met Kostas Paxis at 1137 63rd Street. Kostas Paxis showed the tester Apartment B17. Kostas Paxis asked where the tester was from, and where he lived currently.

56. White Tester 6 asked Kostas Paxis how much the rent was, and Kostas Paxis told him it was “about \$1500,” implying that there could be flexibility in the price.

57. Kostas Paxis told White Tester 6 that there was a fee for running a credit check, and said, “I think it’s \$40.”

58. Kostas Paxis also told White Tester 6 that there were “good tenants,” that it is a “very friendly family building” and that “all tenants know each other.”

59. On February 14, 2019, Mr. Carter, the African American who had met and given his name to Paul Paxis already, called Kostas Paxis three times, but there was no answer. Mr. Carter left a voicemail for Kostas Paxis inquiring whether there were any available apartments. He explained that he had spoken with Paul Paxis the previous week and that Paul Paxis had told him that there may be available apartments at 1137 63rd Street. Mr. Carter also said in the voicemail that he had a flexible schedule to come see an available apartment the following week.

60. Kostas Paxis never returned Mr. Carter’s phone calls. On information and belief, that is because Paul Paxis informed Kostas of Mr. Carter’s race and/or told Kostas not to call him back.

61. On February 22, 2019, having not heard back from Kostas Paxis, Mr. Carter went to the Buildings. He asked a tenant where he could find the super of the building, and the tenant directed him to Artur Dibra.

62. Mr. Carter then spoke to Dibra. Mr. Carter asked if there were any apartments available. Dibra said “no,” but directed Carter to call a number on the wall, which was the

number Mr. Carter had previously called for Kostas Paxis. Dibra explained to Mr. Carter that he “works for” the owner.

63. Mr. Carter asked Dibra again if there were any apartments available. This time, Dibra said there was one, but that someone had already submitted an application for it.

64. Upon information and belief, at all relevant times, Dibra was an employee and/or agent of Defendants. Upon information and belief, at all relevant times, Dibra had actual and/or apparent authority to inform prospective tenants about available apartments at the Buildings, including the monthly rent of those apartments, to show prospective tenants apartments, to screen applicants for suitability, and to provide prospective tenants with applications for apartments.

65. Mr. Carter asked Dibra, “Do you know what the rent range is?” Dibra responded, “It’s pretty high.” Mr. Carter responded, “It’s pretty high? Like what?” Dibra responded, “15.” Mr. Carter repeated this to confirm, “1500?” Dibra responded affirmatively. Dibra confirmed that he was referring to one-bedroom apartments.

66. Upon information and belief, in making those statements, Dibra was aware that Defendants wished to discourage African Americans from renting apartments in the Buildings.

67. That same day, February 22, 2019, a white male tester (“White Tester 7”) called Kostas Paxis. The tester inquired whether there were any available apartments. Kostas Paxis said that there was a one-bedroom apartment available on the fourth floor. He asked the tester, “Are you from the neighborhood?” They agreed to meet that afternoon for the tester to see the apartment.

68. A few hours later (and just an hour after Mr. Carter spoke with Artur Dibra), White Tester 7 met Kostas Paxis at 1137 63rd Street. Kostas Paxis showed the tester Apartment B17.

69. When the white tester asked for the specific details of the apartment, Kostas Paxis told him, “1500 – but it’s a little negotiable – 1450.” Shortly afterwards, Kostas Paxis asked the white tester, “Do you think the price is too high?” Kostas Paxis then told the white tester, “I’ve been trying to, like, see about what it is. That why I’m like looking at 1450. I put 1500, just so I can see like, what it is.”

70. During the visit, Kostas Paxis told White Tester 7 that it was a “very friendly building” with “a lot of families in here.”

The March 2019 Tests

71. On March 7, 2019, a white female tester (“White Tester 8”) called Kostas Paxis and spoke with him by telephone. The tester inquired whether there were any available apartments. Kostas Paxis told the tester that there was a one-bedroom apartment available on the fourth floor. They agreed that the tester would come see the apartment that afternoon. Kostas Paxis asked the tester where she lived currently.

72. A few hours later, White Tester 8 met Kostas Paxis at 1137 63rd Street. Kostas Paxis asked the tester if she was “originally from here.” The tester responded that she was from Manhattan originally, and Kostas Paxis asked her where in Manhattan she was from.

73. Kostas Paxis showed Apartment B17 to White Tester 8. The tester asked what the rent for that apartment was, and Kostas Paxis responded, “This one is 1450.”

74. During the visit, Kostas Paxis told White Tester 8 that the only fee was for a credit check. When the tester asked how much that fee was, Kostas Paxis said, “I think it’s \$40.”

75. The next day, March 8, 2019, Plaintiff Jeanine T. Abraham, an African American, called Kostas Paxis and left a voicemail inquiring whether there were any available apartments at 1137 63rd Street.

76. Approximately one hour later, Ms. Abraham called Kostas Paxis again, and he answered. Ms. Abraham asked whether there were any one-bedroom apartments available at 1137 63rd Street. Kostas Paxis asked Ms. Abraham where she currently lived, and why she was looking to move. Kostas Paxis then told Ms. Abraham that there was an available apartment on the fourth floor.

77. During that phone call, Kostas Paxis told Ms. Abraham, the “rent for that one is \$1450.” At that time Kostas Paxis had never met Ms. Abraham in person, only over the phone. On information and belief, Kostas Paxis was unaware at that time that Ms. Abraham is African American. They agreed to meet so Kostas could show her the apartment.

78. On March 11, 2019, Ms. Abraham met Kostas Paxis at 1137 63rd Street. Kostas Paxis showed her Apartment B17. During that visit, Ms. Abraham asked Kostas Paxis, “what was the price on this one?” Kostas Paxis responded, “Uh, 1500.” Ms. Abraham confirmed the number by repeating it.

79. Of course, by the time of their in-person meeting, when he quoted a higher rental price to Ms. Abraham, Kostas Paxis had become aware that she is African American.

80. During that visit, Kostas Paxis also told Ms. Abraham that “it’s a community” in the building. He told her that the average person “has been here 22 years” and that “everybody knows one another over here.” He also told her that there had not been any available apartments for three years, because no one wants to move.

The May 2019 Tests

81. On May 6, 2019, a white female tester (“White Tester 9”) went to 1125 63rd Street and spoke to Mary Paxis. The tester asked whether there were any available apartments, and Mary Paxis told her there were not. The tester asked whether there were any available apartments in the building next door. Mary Paxis responded that there might be, and suggested that the tester go to 1137 63rd Street to inquire.

82. Eventually, on May 7, 2019, White Tester 9 connected with Kostas Paxis by phone, and inquired about apartments. Kostas Paxis told the tester that there was an apartment available on the fourth floor. Kostas Paxis asked the tester where she currently lived. When the tester replied that she did not live in the area, Kostas Paxis pressed her to tell him specifically where she lived. Only after she told him did he agree to show her the apartment on May 9.

83. During the call, Kostas Paxis also told White Tester 9, “The rent I’m looking at is \$1450.”

84. On May 9, 2019, Kostas Paxis showed the white tester Apartment B17 and again confirmed the price was \$1450.

85. Just a few minutes after Kostas had shown the apartment and quoted a rent of \$1450 to the white tester, Plaintiff Michael Leonard James, an African American, went to 1137 63rd Street and encountered Kostas Paxis in front of the building. Mr. James asked, “Are you the owner or the super of the building?” Kostas Paxis reported that he is the owner. Mr. James inquired whether any apartments were available in the building. Kostas Paxis responded, “I was just showing an apartment.” Mr. James asked, “Can I see what you have?” and Kostas Paxis agreed to show him the apartment.

86. Kostas Paxis brought Mr. James to the fourth floor and showed him Apartment B17. Kostas Paxis asked where Mr. James currently lived.

87. During the visit, Kostas Paxis told Mr. James that the rent for the apartment was \$1500. Mr. James asked Kostas Paxis to confirm, “And you said 1500?” Kostas Paxis responded, “1500.” A few minutes later, the tester once again asked to confirm that the rent for the apartment was “15”, and Kostas Paxis responded, “Yep.” The tester repeated again to confirm, “Ok, 15.”

88. Kostas Paxis said that the only fee was for a credit check, and said, “I think that’s around 40 or 50 . . . 40 or 50, I’m not sure.”

89. During the visit, Kostas Paxis asked Mr. James, “How is your monthly income?” – a question he had not posed to any of the white testers.

90. Mr. James asked Kostas Paxis, “You said you own the whole building?” – i.e., 1137 63rd Street. Kostas Paxis responded, “Yeah. My family owns the one next door too.”

* * *

91. Over and over again, Defendants provided higher rates of rent to African Americans than they did to white testers. They also consistently asked prospective tenants where they were from, including where they were born and/or what neighborhoods they currently live in. They asked two of the African American plaintiffs questions that they did not impose on white testers – including about income and history of evictions. And there were outright statements of preference for people from Europe. The behavior and statements evidenced by the testing detailed above constitute overt racial discrimination. It subjected the Plaintiffs to debasement and humiliation, conveying to them clearly that they are, in the eyes of the Buildings’ owners, management, and agents, lesser citizens than their white counterparts. It

interfered with FHJC's core mission and required FHJC to divert significant and scarce resources from other vital projects. It furthers racial segregation in housing in Borough Park, Brooklyn, and throughout New York City. It must end.

FIRST CAUSE OF ACTION
(Fair Housing Act – 42 U.S.C. § 3601 *et seq.*)

92. Plaintiffs hereby incorporate each of the foregoing paragraphs as if fully set forth herein.

93. Defendants' conduct as set forth above constitutes a refusal to rent, or the refusal to negotiate the rental of, or a denial or making unavailable of housing on the basis of race or color in violation of the Fair Housing Act, 42 U.S.C. § 3604(a).

94. Defendants' conduct as set forth above constitutes discrimination in the terms, conditions, or privileges of the rental of a dwelling, and/or in the provision of services or facilities in connection therewith, because of race or color, in violation of the Fair Housing Act, 42 U.S.C. § 3604(b).

95. Defendants' conduct as set forth above constitutes the making of statements with respect to the rental of a dwelling that indicates a preference, limitation, or discrimination based on race and color or an intention to make any such preference, limitation, or discrimination, in violation of the Fair Housing Act, 42 U.S.C. § 3604(c).

96. Plaintiffs are aggrieved persons as defined in 42 U.S.C. §§ 3602(d) and (i). Plaintiffs have been injured by Defendants' discriminatory conduct and have suffered damages as a result.

97. Defendants' unlawful conduct was intentional, willful, and made in disregard for the rights of others.

98. Accordingly, pursuant to 42 U.S.C. §§ 3613(a) and (c), Plaintiffs are entitled to actual damages, punitive damages, injunctive relief, and reasonable attorneys' fees and costs.

SECOND CAUSE OF ACTION

(Civil Rights Act of 1866 – 42 U.S.C. §§ 1981 and 1982)

99. Plaintiffs hereby incorporate each of the foregoing paragraphs as if fully set forth herein.

100. Defendants' conduct as set forth above prevented Plaintiffs from enjoying the same right to make and enforce contracts as is enjoyed by white citizens under Section 1981 of the Civil Rights Act of 1866 and the same right to lease real property as is enjoyed by white citizens under Section 1982 of the Civil Rights Act of 1866.

101. Defendants intentionally discriminated against Plaintiffs in the terms and conditions of contracts to rent available apartments on the basis of Plaintiffs' race or color.

102. Plaintiffs have been injured by Defendants' discriminatory conduct and have suffered damages as a result.

103. Defendants' conduct was intentional, willful, and made in disregard for the rights of others.

104. Accordingly, pursuant to 42 U.S.C. §§ 1981, 1982, and 1988, Plaintiffs are entitled to actual damages, punitive damages, injunctive relief, and attorneys' fees and costs.

THIRD CAUSE OF ACTION

(Conspiracy to Interfere with Civil Rights – 42 U.S.C. § 1985(3))

105. Plaintiffs hereby incorporate each of the foregoing paragraphs as if fully set forth herein.

106. Upon information and belief, Defendants Kostas Paxis, Mary Paxis, and Paul Paxis conspired for the purpose of depriving African Americans of their federally protected rights, including their rights under the Fair Housing Act and 42 U.S.C. §§ 1981 and 1982.

107. Upon information and belief, Defendants Kostas Paxis, Mary Paxis, and Paul Paxis conspired to discourage and/or prevent African Americans from renting apartments at the Buildings, and/or to deprive African Americans of the ability to rent apartments at the Buildings under the same terms and conditions as white people.

108. Defendants Kostas Paxis, Mary Paxis, and Paul Paxis engaged in one or more overt acts in furtherance of this conspiracy, as described above, including quoting higher rental rates to African Americans than to white testers.

109. As a result of Defendants' conduct, Plaintiffs suffered injuries, including the deprivation of their rights under the Fair Housing Act and 42 U.S.C. §§ 1981 and 1982.

110. Accordingly, pursuant to 42 U.S.C. §§ 1985(3) and 1988, Plaintiffs are entitled to actual damages, punitive damages, injunctive relief, and attorneys' fees and costs.

FOURTH CAUSE OF ACTION
(New York Executive Law § 290 *et seq.*)

111. Plaintiffs hereby incorporate each of the foregoing paragraphs as if fully set forth herein.

112. Defendants' conduct as set forth above constitutes the refusal to rent and/or the denial of a housing accommodation and/or the withholding of a housing accommodation because of race or color in violation of Article 15 of the New York Executive Law § 296(5)(a)(1).

113. Defendants' conduct as set forth above constitutes discrimination because of race or color in the terms, conditions, or privileges of the rental of a housing accommodation or in the

furnishing of facilities or services in connection therewith in violation of the New York Executive Law § 296(5)(a)(2).

114. Defendants' conduct as set forth above constitutes aiding, abetting, inciting, compelling, and/or coercing the doing of any of the acts forbidden by New York Executive Law § 296(5), in violation of the New York Executive Law § 296(6).

115. Plaintiffs have been injured by Defendants' discriminatory conduct and have suffered damages as a result.

116. Defendants' conduct was intentional, willful, and made in disregard for the rights of others.

117. Accordingly, pursuant to Article 15 of the New York Executive Law § 297, Plaintiffs are entitled to actual damages, punitive damages, injunctive relief, and attorneys' fees and costs.

FIFTH CAUSE OF ACTION
(New York Civil Rights Law § 40-c)

118. Plaintiffs hereby incorporate each of the foregoing paragraphs as if fully set forth herein.

119. New York Civil Rights Law § 40-c(2) provides in relevant part that: "No person shall, because of race, creed, or color . . . be subjected to any discrimination in his or her civil rights . . . by any other person or by any firm, corporation or institution."

120. By engaging in the discriminatory conduct as set forth above, Defendants violated New York Civil Rights Law § 40-c.

121. Plaintiffs have been injured by Defendants' discriminatory conduct and have suffered damages as a result.

122. Defendants' conduct was intentional, willful, and made in disregard for the rights of others.

123. At or before the commencement of this action, Plaintiffs provided notice of this action to the Attorney General of the State of New York per New York Civil Rights Law § 40-d.

SIXTH CAUSE OF ACTION
(New York City Administrative Code § 8-107)

124. Plaintiffs hereby incorporate each of the foregoing paragraphs as if fully set forth herein.

125. Defendants' conduct as set forth above constitutes a refusal to rent or lease or other withholding of a housing accommodation because of race or color in violation of New York City Administrative Code § 8-107(5)(a)(1).

126. Defendants' conduct as set forth above constitutes discrimination because of race or color with respect to the terms, conditions, or privileges of the rental or lease of a housing accommodation in violation of New York City Administrative Code § 8-107(5)(a)(2).

127. Defendants' conduct as set forth above constitutes aiding, abetting, inciting, compelling, or coercing the doing of any of the acts forbidden under New York City Administrative Code § 8-107(5), or attempting to do so, in violation of New York City Administrative Code § 8-107(6).

128. Plaintiffs have been injured by Defendants' discriminatory conduct and have suffered damages as a result.

129. Defendants' conduct was intentional, willful, and made in disregard for the rights of others.

130. Plaintiffs will serve a copy of this Complaint upon the City Commission on Human Rights and the Corporation Counsel within 10 days after having commenced this action, pursuant to New York City Administrative Code § 8-502(c).

131. Accordingly, pursuant to New York City Administrative Code § 8-502(a) and (g), Plaintiffs are entitled to actual damages, punitive damages, injunctive relief and such other remedies as may be appropriate, and attorneys' fees and costs.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request the following relief:

- a. An order and judgment declaring that Defendants' discriminatory practices violate the Fair Housing Act, as amended, 42 U.S.C. § 3601 *et seq.*; the Civil Rights Act of 1866, as amended, 42 U.S.C. §§ 1981 and 1982; 42 U.S.C. § 1985; the New York State Human Rights Law, New York Executive Law § 290 *et seq.*; New York Civil Rights Law § 40-c; and the New York City Human Rights Law, New York City Administrative Code § 8-107 *et seq.*;
- b. An order and judgment enjoining Defendants, Defendants' agents, employees, and successors, and all other persons in active concert or participation from:
 - (i) refusing to rent or lease, or refusing to negotiate for the rental or lease of, or otherwise making unavailable or denying a dwelling or housing accommodation to any person because of race or color;
 - (ii) discriminating against any person in the terms, conditions, or privileges of the rental or lease of a dwelling or housing accommodation, or in the provision of services or facilities in connection therewith, because of race or color; and/or
 - (iii) coercing, intimidating, threatening, or interfering with any person in the exercise or enjoyment of any right granted or protected by the Fair Housing Act, as amended, 42

U.S.C. § 3601 *et seq.*; the Civil Rights Act of 1866, as amended, 42 U.S.C. §§ 1981 and 1982; 42 U.S.C. § 1985; the New York State Human Rights Law, New York Executive Law § 290 *et seq.*; New York Civil Rights Law § 40-c; and the New York City Human Rights Law, New York City Administrative Code § 8-107 *et seq.*;

- c. An order and judgment enjoining Defendants, Defendants' agents, employees, and successors, and all other persons in active concert or participation to:
- (i) make all necessary modifications to their policies, practices, and procedures of offering rentals or leases of dwellings or housing accommodations to the public;
 - (ii) train all management, agents, and employees on fair housing laws;
 - (iii) display an Equal Opportunity logo (or statement to that effect) on all advertisements for dwellings and rental property and display in all offices federal, state, and local fair housing posters;
 - (iv) allow monitoring of their rental screening and application process and decisions;
 - (v) retain records to allow for appropriate monitoring;
 - (vi) develop written procedures on rental and lease processes and fair housing policy to be distributed to all staff and all rental applicants;
 - (vii) undertake active efforts and steps to ensure that African Americans seek out and obtain assistance from Defendants and are assisted in meaningful ways to rent and lease apartments; and
 - (viii) establish a system so that their agents can be tested for unlawful discriminatory practices;
- d. An order and judgment awarding monetary damages to compensate Plaintiffs fully for any economic losses, diversion of resources, interference with mission fulfillment, and the

humiliation, degradation, embarrassment, and emotional distress suffered due to Defendants' discriminatory conduct;

- e. An order and judgment awarding punitive damages;
- f. An order and judgment awarding Plaintiffs reasonable attorneys' fees, costs, interest, and expenses incurred in prosecuting this action; and
- g. Any further relief that may be just and proper.

Dated: New York, New York
November 20, 2019

By: /s/ Mariann Meier Wang
Mariann Meier Wang
Daniel Mullkoff

CUTI HECKER WANG LLP
305 Broadway, Suite 607
New York, New York 10007
(212) 620-2603
mwang@chwllp.com
dmullkoff@chwllp.com

Attorneys for Plaintiffs